

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK

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E.O. 11652: N/A

TAGS: BDIS, TH

SUBJECT: PROPOSED LEVIES ON FOREIGN FILMS

1. THE DEPARTMENT HAS RECEIVED THE FOLLOWING LETTER
ADDRESSED TO ASSISTANT SECRETARY HUMMEL FROM JACK VALENTI,
PRESIDENT OF THE MOTION PICTURE ASSOCIATION OF AMERICA:

MY DEAR MR. SECRETARY, OUR ASSOCIATION, AS YOU PROBABLY
KNOW, REPRESENTS THE MAJOR AMERICAN MOTION PICTURE COM-
PANIES IN CONNECTION WITH THEIR OVERSEAS FILM TRADE,
BOTH THEATRICAL AND TELEVISION. THEY CONTROL IN EXCESS
OF 90 OF ALL AMERICAN THEATRICAL FILM EXPORTS AND A
MAJOR PORTION OF OUR FOREIGN TELEVISION TRADE.

A SERIOUS PROBLEM HAS DEVELOPED IN RESPECT TO THEATRICAL
FILM IMPORTS TO THAILAND, A MARKET WHICH LAST YEAR GENE-
RATED CLOSE TO \$5 MILLION IN GROSS BILLINGS FROM THE
RENTAL OF AMERICAN MOTION PICTURES TO THEATERS, INCLUDING
ABOUT \$2.9 MILLION IN REMITTANCES TO THE UNITED STATES
AFTER DEFRAYMENT OF LOCAL EXPENSES.

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THE PROBLEM INVOLVES AN ILL-CONCEIVED FILM BILL WHICH WE ARE INFORMED HAS BEEN FORWARDED BY THE EXECUTIVE BRANCH TO THE SPEAKER OF THE HOUSE AND IS AWAITING INCLUSION

ON THE PARLIAMENTARY AGENDA. THE BILL WOULD PROVIDE FOR:

(1) AN IMPORT QUOTA FOR ALL FOREIGN MOTION PICTURES. AMERICAN PICTURES CONSTITUTE A MAJOR PORTION OF SUCH IMPORTS, IN TERMS OF EARNINGS.

(2) THE IMPOSITION OF A NEW AND RIDICULOUSLY HIGH IMPORT LEVY ON IMPORTED FILMS, SOMEWHERE BETWEEN BAHT 100,000 TO 200,000 (\$5000 TO \$10,000) PER FEATURE. THE PRESENT DUTY IS BAHT 2.20 PER METER (ABOUT \$300 FOR AN AVERAGE FILM) PLUS A 7PCT LEVY ON IMPORTATION (CALLED A "BUSINESS TAX") PAYABLE ON CIF VALUE PLUS 150PCT PLUS AMOUNT OF IMPORT DUTY, TO WHICH 11PCT OF THE AGGREGATE TOTAL IS ADDED, FOR ABOUT \$210 PER PRINT, OR ABOUT \$510 IN ALL.

(3) A REQUIREMENT THAT FOR EACH THREE FILMS IMPORTED FROM ABROAD, THE LOCAL IMPORTER MUST BUY AND EXPORT ONE THAI PICTURE TO THE FOREIGN COUNTRY INVOLVED. THE LOCAL IMPORTERS, IN OUR CASE, WOULD BE THE LOCAL SUBSIDIARIES OR BRANCHES OF THE AMERICAN FILM COMPANIES IN BANGKOK. OBVIOUSLY THAI PICTURES WOULD HAVE NO VALUE IN THE UNITED STATES, OR FOR THAT MATTER ANYWHERE ELSE OUTSIDE OF THAILAND. THIS WOULD BE MERELY A DEVICE TO FORCE THE PURCHASE OF USELESS FILMS FROM THAI FILM-MAKER AND CONSTITUTE A DISGUISED FORM OF EXTORTION.

IT IS OUR VIEW THAT THERE IS NO REAL NEED FROM THE STAND-POINT OF THE THAI ECONOMY FOR THE ESTABLISHMENT OF A FILM IMPORT QUOTA. ITS ONLY PURPOSE WOULD BE TO REDUCE THE AVAILABILITY OF FOREIGN FILMS AND THUS CREATE MORE PLAYING TIME IN THE THEATERS FOR DOMESTIC THAI FILMS. THEY PRODUCED ABOUT 55 FEATURE FILMS LAST YEAR. WE HAVE COME A LONG WAY IN RECENT YEARS TOWARD THE ELIMINATION OF FILM IMPORT QUOTAS (THEY EXIST NOW, IN THE FREE LIMITED OFFICIAL USE

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WORLD COUNTRIES, ONLY IN SOUTH KOREA, INDIA, INDONESIA AND TAIWAN) AND WE REGRET TO SEE AN ADDITIONAL COUNTRY MOVE IN THIS DIRECTION. NEVERTHELESS, THIS LIKELY WOULD BE THE LEAST DAMAGING TO US OF THE THREE ITEMS LISTED ABOVE UNLESS THE QUOTA SHOULD BE EXTREMELY LOW OR DISCRIMINATE AGAINST OUR FILMS.

THE FANTASTICALLY LARGE IMPORT LEVY THAT HAS BEEN PRO-

POSED WOULD BE VERY DAMAGING. IN FACT, IF IT SHOULD BE APPLIED, OUR MEMBER COMPANIES WOULD OF NECESSITY HAVE TO STOP FILM SHIPMENTS TO THAILAND AND, EXCEPT FOR THOSE ALREADY IN THE COUNTRY, AMERICAN FILMS WOULD

GRADUALLY DISAPPEAR FROM THEIR THEATERS. THIS WOULD BE NECESSARY NOT ONLY BECAUSE OF THE COST INVOLVED IN THAILAND BUT BECAUSE OF THE SERIOUS PRECEDENT ESTABLISHED, WHICH WOULD ENCOURAGE OTHER NATIONS TO FOLLOW SUIT.

LASTLY, AS A MATTER OF PRINCIPLE, WE COULD NOT REASONABLY ACCEPT A REQUIREMENT THAT WE PURCHASE AND EXPORT TO THE UNITED STATES ONE THAI FILM FOR EACH THREE AMERICAN FILMS IMPORTED TO THAILAND. ABOUT 3,500 FEATURE FILMS ARE PRODUCED EACH YEAR BY SUNDRY COUNTRIES OF THE WORLD AND IF ANY SIGNIFICANT NUMBER OF NATIONS IMPOSED SUCH REQUIREMENTS THEY WOULD DESTROY INTERNATIONAL TRADE IN FILMS.

THE PURPOSE OF THIS LETTER IS TO REQUEST YOU TO INSTRUCT THE AMERICAN EMBASSY TO EXPRESS CONCERN TO THE GOVERNMENT OF THAILAND CONCERNING THIS IMPENDING LEGISLATION AND FURTHER TO AUTHORIZE THE EMBASSY TO RENDER TO OUR REPRESENTATIVES OR TO INDEPENDENTLY TAKE WHATEVER ACTION MIGHT BE REASONABLE AND APPROPRIATE TO DISCOURAGE ITS ENACTMENT.

THE AMERICAN FILM INDUSTRY AND THE UNDERSIGNED WILL BE MOST GRATEFUL FOR THE FULL COOPERATION OF THE DEPARTMENT OF STATE IN DEALING WITH THIS SERIOUS MATTER.

SINCERELY, JACK VALENTI, PRESIDENT.
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2. SINCE THE DEPARTMENT HAS NO INFORMATION ON THE PROPOSED LEGISLATION, WE WOULD APPRECIATE A FULL REPORT AS WELL AS AN EMBASSY ESTIMATE ON THE POSSIBILITY OF ENACTMENT. IF POSSIBLE, THE EMBASSY SHOULD OBTAIN A COPY OF THE TEXT OF THE PROPOSED LEGISLATION IN ORDER THAT IT MAY BE REVIEWED TO DETERMINE WHETHER ANY PROVISION MIGHT VIOLATE RIGHTS UNDER THE TREATY OF AMITY AND ECONOMIC RELATIONS.

3. WE WOULD PREFER HOLDING OFF ON ANY FORMAL REPRESENTATIONS PENDING REVIEW OF THE PROPOSED BILL, BUT EMBASSY OFFICERS MAY, AS APPROPRIATE, EXPRESS OUR CONCERN REGARDING THE PROTECTIONIST FEATURES OF THE PROPOSED LEGISLATION. IF THE REPORT IS ACCURATE,

THESE FEATURES WOULD BE DETRIMENTAL TO FUTURE EXPORTS OF US MOTION PICTURES TO THAILAND. THE EMBASSY SHOULD RENDER APPROPRIATE ASSISTANCE TO REPRESENTATIVES OF THE MOTION PICTURE ASSOCIATION AND LOCAL DISTRIBUTORS IN THIS MATTER.

4. PLEASE KEEP THE DEPARTMENT INFORMED AS TO FUTURE DEVELOPMENTS. KISSINGER

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